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SUBJECT: MEDIA REACTION; CHAVEZ AND MERCOSUR; HAMAS AND THE  
LIBERATION OF THE BBC JOURNALIST; BUENOS AIRES 07/05/07

#### 1. SUMMARY STATEMENT

Papers lead with President Chavez's spat with Lula over Venezuela's entry in MERCOSUR, and HAMAS' liberation of BBC journalist Alan Johnston, viewed as a strategic move aimed at showing it's fully in control of the Gaza Strip.

#### 2. OPINION PIECES AND EDITORIALS

- "Chavez and his place in the world"

Ricardo Roa, deputy general editor of leading Clarin, opines (07/05) "Chavez intends to impose rules on Mercosur which its founding partners wouldn't even dream of, and he does this without even belonging to the bloc... Two of the members need to approve it: Paraguay and Brazil. Chavez gave both a three month ultimatum to vote for once and for all. Otherwise, he will return his access application.

"His real fight is with Brazil. The Brazilian Congress condemned the closing down of Venezuela's key TV station and Chavez called them 'Washington's parrots'. From then on, there was an escalation of the controversy, which reached Amorim first, and then Lula himself.

"Chavez also said Mercosur is boring, old and pro right-wing, thanks to Brazil. How can he be bored if he hasn't entered it yet, asked Amorim ironically. Yesterday, Lula was fed up and, with Chavez' same diplomacy, told him to abide by the rules, if he wishes to be a member.

"...The region's ongoing effort to lure him, despite all this, is due to his petrodollars and his oil. This also explains why his almost indigestible attitudes -- such as the alliance with Iran --, are tolerated. But many already believe Chavez' unpredictable demands on MERCOSUR are, in the end, nothing but a pretext to avoid entering a place that's doesn't suit him. "

- "It's the economy, again..."

Marcelo Cantelmi, leading "Clarín" international editor, says (07/05) "... Probably, Chavez' attacks against Mercosur are less a series of political rows than a domestic economic scenario, which is what makes Caracas move away from the bloc. Chavez angrily rejects it, so he says, for the 'Capitalist' profile of MERCOSUR, but those countries aren't less capitalist than Venezuela is today, regardless of rhetoric. The issue seems to be the fact that Chavez is facing a myriad of challenges, which can be summarized in public spending without control (it grew 60% in 2006 and will grow 37% this year) and fiscal deficit.

".... If Venezuela enters Mercosur the issue of tariffs and its openness to MERCOSUR partners would be today anything but beneficial. Chavez needs resources to face spending, including subsidizing consumption. This explains recent nationalizations in public services and most of the oil income. He also seeks to have his hands free in order to negotiate with anyone he wants, without the limitations Mercosur imposes on its partners."

- " Hamas ' Bet "

Paula Lugones, leading "Clarín" international columnist, writes (07/05) "The journalist's liberation was a staged move, perfectly calculated by Hamas. It wasn't by chance that Alan Johnston appeared before the anxious international photographers at the house of Ismael Haniyeh, the man who rules the Gaza Strip, and who's rejected by the West for confronting with the 'moderate' West Bank."

"By doing this, Hamas is trying to show the world that it fully controls the Gaza Strip; that as the organization that won the recent democratic elections, it has nothing to do with those groups that kidnap people in that territory, and which some people link with Al Qaeda. And, above all, Hamas is trying to show that Mahmoud Abbas, the Palestinian leader 'pampered' by the powers, failed in setting the journalist free."

"Haniyeh was cornered, given he had to dominate an unruly clan that was part of "Islam's Army" who kept the journalist hostage as a bargaining tool. But Great Britain too, raised its stakes to the limit, ignoring the Western powers' blockade on Hamas and sent an official to Gaza to continue negotiations...."

"In sum, the Johnston case might open a rift in Hamas' isolation and help it get rid of its 'Satanic' image. As part of this bet, what remains now is the liberation of the Israeli soldier, who was kidnapped a year ago and who's now in the hands of this organization, allegedly in control of the Gaza Strip."

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